IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FILED
APR 19 2004
CLERK, U.S. DISTRICT COURT
By ______________
Deputy

MCW, INC. d/b/a BERNARD HALDANE ASSOCIATES,	)	
Plaintiff,	)	CIVIL ACTION NO.
VS.	)	3:02-CV-2727-G
BADBUSINESSBUREAU.COM, L.L.C. d/b/a WWW.RIPOFFREPORT.COM, ET AL.,	)	
Defendants.	)	

MEMORANDUM ORDER

Before the court are the following motions: (1) the motion of the defendants Edward Magedson ("Magedson"), a/k/a Ed Magidson, and badbusinessbureau.com, LLC ("BBB"), d/b/a www.ripoffreport.com and www.badbusinessbureau.com (collectively, "defendants"), to dismiss for lack of personal jurisdiction and for failure to state a claim, and (2) the alternative motion of the plaintiff MCW, Inc. ("MCW"), d/b/a Bernard Haldane Associates, for leave to conduct expedited discovery. For the reasons discussed below, the defendants' motion to dismiss for lack of personal jurisdiction is denied, and MCW's alternative motion is denied as moot. The defendants' motion to dismiss for failure to state a claim is granted in part and denied in part; however, the court declines to exercise supplemental jurisdiction over the state law claim as to which the motion to dismiss is denied and thus dismisses this claim without prejudice.

I. BACKGROUND

The plaintiff MCW, a franchisee of DRB, Ltd., is a Texas corporation with its principal offices located in Dallas, Texas. Plaintiff's First Amended Complaint for Damages and Injunctive Relief ("Complaint") ¶¶ 4, 14. Under the Bernard Haldane name and mark,[1] MCW assists individuals seeking individual job and career counseling. *Id.* ¶¶ 13, 15. Through counseling, MCW provides clients with job hunting skills. *Id.* ¶ 16. MCW owns the exclusive right to use, enforce, and protect the names of Bernard Haldane Associates, including "Bernard Haldane," "Haldane," "Bernard Haldane Associates," and "BHA" (collectively, the "Bernard Haldane marks"), in the metropolitan area of Austin, Texas. *Id.* ¶ 15. MCW has also been granted the right to protect the Bernard Haldane marks in this case. *Id.*

Together, the defendants Magedson and BBB own and operate a website, "The Rip-Off Report," located at http://www.ripoffreport.com and at http://www.badbusinessbureau.com. *Id.* ¶ 26. The defendant Magedson is the administrative and billing contact for both domain names, and BBB is the domain name registrant. Whois Database Record, *attached to* Complaint as Exhibit 4.

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[1] The United States Patent and Trademark Office issued U.S. Reg. Nos. 2,147,499 and 2,210,149 for the mark "Bernard Haldane" on March 31, 1998 and December 15, 1998, respectively. Plaintiff's First Amended Complaint for Damages and Injunctive Relief ¶¶ 20, 21.

The defendants' web site operates in part as a consumer complaint forum. Defendants' Motion to Dismiss For Lack of Jurisdiction and For Failure to State a Claim ("Defendants' Motion to Dismiss") at 2. The defendants post consumer complaints on the Rip-Off Report website, organizing the complaints geographically by company and under various other headings. *See* Rip-offreport.com Web Page, *attached to* Complaint as Exhibit 5 at 1; Rip-offreport.com Web Page, *attached to* Defendants' Motion to Dismiss as Exhibit 1 at 1. For various fees, the defendants offer companies which are the subject of complaints an opportunity to rebut the consumers' claims. *See* Terms & Conditions for Use of the Rip-Off Report Web Site Rebuttal Service ("Terms & Conditions"), *attached to* MCW's Response To Defendants' Motion To Dismiss ("MCW's Response"), as App. Tab F. at 73-74, *and* e-mails from Ed Magedson, Editor@ripoffreport.com, to Ingrid Villanueva, Hy Cite -- Royal Prestige (July 11, 2003), *attached to* MCW's Motion For Leave To Supplement Opposition To Defendants' Motion to Dismiss With Newly Discovered Evidence ("Newly Discovered Evidence") as Exhibit 1. Aside from receiving and posting consumer complaints and any relevant rebuttals, the defendants' website serves several other functions. Specifically, the defendants use the website to solicit donations, sell advertising space, assist and encourage the formation of class action law suits, charge promotional fees on amounts collected by consumers, and advertise and sell "rip-off revenge" packs that encourage consumers to avenge themselves on companies. MCW's Response at 8; *see also* Rip-offreport.com Web Pages, *attached to* Defendants' Motion to Dismiss, as Exhibit 1 at 1-3, *and* as Exhibit 2 at 1.

MCW filed the original complaint in this case on December 20, 2002, naming Magedson and both domain names, www.badbusinessbureau.com and www.ripoffreport.com, as defendants.[2] Original Complaint at 1. The complaint alleges that as early as November 5, 2001, the defendants began reproducing and/or using the Bernard Haldane marks and confusingly similar variations thereof -- without any consent or authorization -- in connection with the publishing and posting of false, misleading, and disparaging statements about MCW and its goods or services on the defendants' web sites. *Id.* at 8-10. Specifically, MCW alleges that the defendants post web site reports using the protected marks, create disparaging and defamatory titles to postings using the protected marks, and post numerous disparaging messages. *Id.* These uses of the Bernard Haldane marks, MCW argues, constitute a "use" of the protected marks in "commercial advertising or promotion" when the use occurs in conjunction with the defendants offering and selling of banner ads, third party services, rebuttal and collection fees, and Rip-off Revenge services. *Id.* at 10-11. Relying on the foregoing allegations, MCW asserts five separate causes of action against the defendants: (1) unfair competition under the Lanham Act, (2) false advertising under the Lanham Act, (3) unfair competition under Texas common law, (4) business disparagement under Texas common law, and (5) trademark infringement under Texas common law. *Id.* at 13-17.

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[2] The original complaint did not name BBB as a defendant. MCW's Unopposed Motion for Leave to Amend to Correct Misnomer ("MCW's Misnomer Correction") at 1; *see also* Original Complaint at 1. The complaint, however, did acknowledge that the Whois database lists BBB as the registering party of the web sites at issue. Original Complaint at 7. This knowledge alone, MCW argues, was insufficient to name BBB as a defendant because many web site owners provide false information in the Whois database as a means to escape detection. MCW's Misnomer Correction at 1-2.

Although the original complaint did not name BBB as a defendant, BBB joined with the other defendants then before the court in collectively filing, under Rule 12(b)(5), F.R. CIV. P., a motion to quash service of process. Following the denial of the Rule 12(b)(5) motion, the defendants brought the instant motions under Rules 12(b)(2) and 12(b)(6). The defendants' Rule 12(b)(6) motion asserts that MCW has failed to state a claim for which relief can be granted because (1) the defendants do not "use" the Bernard Haldane marks in commercial advertising or promotion, (2) the defendants do not compete with MCW, (3) all claims are barred by the Communications Decency Act ("CDA"), and (4) there is no likelihood of confusion in the absence of any affiliation between the two companies. Defendants' Motion to Dismiss at 8-11.

Following the plaintiff's response, the defendants filed a reply which, for the first time, raised the issue of misnomer with respect to BBB. The defendants had created the misnomer in their earlier-filed motion to quash by referring to badbusinessbureau.com, LLC as www.badbusinessbureau.com, LLC. Defendants' Motion to Quash Service of Process at 1 (stating that "Defendants are . . . Magedson . . . and www.badbusinessbureau.com LLC"). Because a "www" designation was incorrectly included in BBB's name, the defendants maintain that BBB was not, until recently, a party to these proceedings. *See* Defendants' Reply in Support of Motion to Dismiss ("Defendants' Reply") at 3-4. MCW subsequently filed an unopposed motion to correct this misnomer. That motion was granted, and an amended complaint was filed in which BBB was named correctly as a defendant. MCW's amended complaint alleges the same substantive claims as the original complaint, updates the pleadings to correct service of process, and corrects the prior misnomer to reflect that BBB is doing business as www.ripoffreport.com and www.badbusinessbureasu.com. MCW's Misnomer Correction at 4.

II. ANALYSIS

A. Motion to Dismiss for Lack of Personal Jurisdiction

1. *Legal Standard: Waiver or Preservation of Certain Defenses*

Rule 12(h)(1) of the Federal Rules of Civil Procedure provides, in relevant part, that "[a] defense of lack of jurisdiction over the person . . . is waived (A) if omitted from a motion in the circumstances described in subdivision (g), or (B) if it is neither made by motion under this rule nor included in a responsive pleading . . . ." FED. R. CIV. P. 12(h)(1). The plain language of Rule 12(h)(1) requires a party to raise objections to personal jurisdiction in either its first responsive pleading or by motion filed prior to the responsive pleading. *Dow Agrosciences, LLC v. Bates*, No. 5:01-CV-0331-C, 2003 WL 22660741, at *27 (N.D. Tex. Oct. 14, 2003). Failure to do so results in a waiver of the defense. *Golden v. Cox Furniture Manufacturing Co., Inc.*, 683 F.2d 115, 118 (5th Cir. 1982); *see also* 5A C. WRIGHT & A. MILLER, FEDERAL PRACTICE AND PROCEDURE § 1391 (2d ed. 1990) at 744 (stating that "anytime [a] defendant makes a pre-answer Rule 12 motion, he must include, on penalty of waiver, the defenses set forth in subdivisions (2) through (5) of Rule 12(b)"). Therefore, it is well settled that Rule 12(h)(1) "advises a litigant to exercise great diligence in challenging personal jurisdiction." *Golden*, 683 F.3d at 118. Defendants wishing to object to personal jurisdiction "must do so in their first defense move, be it a Rule 12 motion or a responsive pleading." *Dow Agrosciences*, 2003 WL 22660741, at *27 (citing *Kersh v. Derozier*, 851 F.2d 1509, 1511-12 (5th Cir. 1988); *Golden*, 683 F.3d at 118; and *T & R Enterprises, Inc. v. Continental Grain Co.*, 613 F.2d 1272, 1277 (5th Cir. 1980)).

2. *The Defendants' Right to Contest Personal Jurisdiction*

Before addressing the nonresident defendants' claim that this court lacks personal jurisdiction over them, the court must first consider whether the defendants have waived their right to object to personal jurisdiction. Before filing the present motions to dismiss under Rules 12(b)(2) and 12(b)(6), the defendants jointly filed a motion under Rule 12(b)(5) to quash service of process. MCW contends that when the defendants failed to raise personal jurisdiction in their pre-answer motion under Rule 12(b), they waived the right to contest personal jurisdiction. MCW's Response at 4-5.

The defendants do not dispute that their first pre-answer Rule 12(b) motion failed to raise the issue of personal jurisdiction. Despite this concession, however, the defendants advance three arguments to support their contention that they have not waived this defense. First, the defendants argue, Magedson did not waive the right to assert lack of personal jurisdiction because his counsel addressed the matter telephonically during oral argument on the motion to quash service of process. Defendants' Reply in Support of Motion to Dismiss at 3. Second, the defendants claim, BBB may still raise the defense because it, unlike Magedson, was not a properly named party in the original complaint and did not appear in the case until recently. *Id.* at 3-4. On these grounds, the defendants reason, BBB has not waived the defense of lack of personal jurisdiction because the present Rule 12(b) motion, rather than the earlier Rule 12(b)(5) motion, is its first defensive move. *Id.* Finally, and alternatively, the defendants maintain that even if Rule 12(g) applies, this court has the discretion to entertain the Rule 12(b)(2) motion if the court is convinced that it was not interposed for delay. *Id.* at 3. For the reasons discussed below, the court is unconvinced by these arguments.

Under Rule 12(h)(1), Magedson waived his right to contest personal jurisdiction when he omitted that defense from his first Rule 12(b) motion. Contrary to the defendants' claim, raising the issue of personal jurisdiction telephonically during oral argument of the Rule 12(b)(5) motion does not rescue Magedson from the waiver provisions of Rule 12(h)(1). *See* Rule 7(b)(1), F.R. CIV. P. ("An application to the court for an order shall be by motion which, unless made during a hearing or trial, *shall be made in writing*, shall state with particularity the grounds therefor, and shall set forth the relief or order sought.") (emphasis added).[3] The parties have not cited, and the court has not found, any cases holding otherwise. Indeed, Fifth Circuit precedent clearly provides that litigants are required to exercise *great diligence* in challenging personal jurisdiction because of the potential waiver a party might incur. *Golden*, 683 F.3d at 118 (emphasis added). Failing to raise personal jurisdiction in the first Rule 12(b) motion filed with the court does not comport with the exercise of diligence.

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[3] Counsel for the defendant apparently recognized the need to reduce to a written motion her arguments regarding lack of personal jurisdiction. *See* Transcript of Hearing on Motion to Quash Service of Process Before Hon. Paul D. Stickney, U.S. Magistrate Judge (February 28, 2003) at 21-22 ("Your Honor, I would ask for 20 days because I can't just file an answer. I need to file a Motion upon lack of jurisdiction and based upon the Communications Decency Act and some other items . . .").

The defendant BBB has also waived its right to contest personal jurisdiction. Like Magedson, BBB waived the defense when it joined in the Rule 12(b)(5) motion to quash service of process without raising the issue of personal jurisdiction. The court reaches this conclusion despite BBB's assertion, *see* Defendants' Reply at 3-4, that it was not a party properly before the court when Magedson filed the Rule 12(b)(5) motion.

The defendants are correct in noting that BBB was improperly named in its own Rule 12(b)(5) motion.[4] Regardless of whether a party is ever formally named, it may become a party by participating in the proceedings. *Southmark Properties v. Charles House Corporation*, 742 F.2d 862, 869 (5th Cir. 1984) ("[T]he word 'parties' does not refer to formal or paper parties, but to parties in interest, that is, that persons whose interests are properly placed before the court by someone with standing to represent them are bound by the matters determined in the proceeding."). Therefore, even if a party is improperly named in a proceeding, or not named at all, it is not thereby precluded from becoming a *de facto* intervenor. *Dow*

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[4] *Supra*, note 2. Defense counsel's reference to badbusinessbureau.com, LLC in their motion to quash incorrectly included a "www"designation, resulting in a misnomer of www.badbusinessbureau.com, LLC.

Agrosciences, 2003 WL 22660741, at *25-*26; see also *In re Beef Industry Antitrust Litigation*, 589 F.2d 786, 789 (5th Cir. 1979) (assuming that the district court implicitly authorized an unnamed party to intervene); *Minton v. St. Bernard Parish School Board*, Civ. A. No. 85-1258, 1987 WL 13895 (E.D. La. July 13, 1987) ("affording relief to a non-party is, for all practical purposes, the equivalent to authorizing intervention"). BBB became a *de facto* intervening party to these proceedings[5] when it participated in the Rule 12(b)(5) motion.[6] Because BBB was a party to these proceedings and joined with Magedson in filing the Rule 12(b)(5) motion, BBB waived -- on the same grounds as Magedson -- its personal jurisdiction argument.

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[5] *Dow Agrosciences* is particularly instructive on this issue. In that case, the court determined that parties who had claimed they were not properly named nonetheless became *de facto* intervenors and parties to the proceedings. *Dow Agrosciences*, 2003 WL 22660741, at *26. The court further noted that if the improperly named parties at issue were sincere that "they had not previously submitted themselves to the Court's authority, then they would have had no standing to respond . . . without *first* moving the Court for leave to intervene in accordance with FED. R. CIV. P. 24(a)(2) and/or 24(b)(2), following the procedures prescribed in FED. R. CIV. P. 24(c)." *Id.* (emphasis in original). This court is inclined to believe, as was the court in *Dow Agrosciences*, that BBB's failure to observe the procedures mandated by Rule 24 is proof that the defendants understood the consequences of their voluntary appearance.

[6] It would be unfair to allow BBB to avoid the court's exercise of authority after it sought to benefit from filing the Rule 12(b)(5) motion. Had the defendants not intended BBB to be a party to the Rule 12(b)(5) proceedings on January 31, 2003, the date the motion to quash was filed, then surely they would have raised the issue after filing the Rule 12(b)(5) motion, opposed MCW's subsequent motion to correct the misnomer and amend the complaint, or raised the issue of misnomer to the court at some time before April 24, 2003, the date their reply was filed.

By filing and arguing the Rule 12(b)(5) motion, BBB waived the defense of lack of personal jurisdiction on other grounds as well, *viz.*, when it later failed to oppose MCW's motion to correct the misnomer and amend the original complaint. The Fifth Circuit has recognized that "a party may waive any jurisdictional objections if its conduct does not reflect a continuing objection to the power of the court to act over the defendant's person." *PaineWebber Inc. v. Chase Manhattan Private Bank (Switzerland)*, 260 F.3d 453, 460-61 (5th Cir. 2001) (internal quotation marks omitted). In addition, the Fifth Circuit holds that when any party, named or unnamed, served or unserved, engages in "affirmative action that impliedly recognizes the court's jurisdiction over the parties," it cannot thereafter contest the court's power to exercise judicial authority over them. *Maiz v. Virani*, 311 F.3d 334, 341 (5th Cir. 2002). Therefore, when the defendants failed to oppose MCW's motion to correct the misnomer, which effectively allowed BBB to be formally named in the complaint, the defendants invited the court to exercise its authority over BBB and are now deemed to have voluntarily submitted to that authority. Acquiescing in the correction of the misnomer and allowing itself to be named in the complaint are not acts that reflect a continuing objection to the power of the court.

Because Magedson and BBB failed to exercise diligence in challenging personal jurisdiction, this court does not have the discretion to entertain the defendants' motion to dismiss for lack of jurisdiction. Even if the court were convinced that the instant motion was not interposed for delay, Rule 12(h)(1) and the case law cited above compel a conclusion of waiver. The precedent clearly "advises a litigant to exercise great diligence in challenging personal jurisdiction." *Golden*, 683 F.3d at 118. The defendants have not exercised diligence. Not only did they fail to object to personal jurisdiction in their first defensive move, but they also waived any right to contest jurisdiction by acting thereafter in such a manner as to recognize the court's exercise of authority over them. For these reasons, the defendants' motion to dismiss for lack of jurisdiction is denied.

B. Motion to Dismiss for Failure to State a Claim

1. *Legal Standard for Waiver or Preservation of a Rule 12(b)(6) Defense*

Federal Rule of Civil Procedure 12(g) provides that "[i]f a party makes a motion under [Rule 12] but omits therefrom any defense or objection then available to the party which [Rule 12] permits to be raised by motion, the party shall not thereafter make a motion based on the defense or objection so omitted, *except a motion as provided in subdivision h(2) hereof . . . .*" FED. R. CIV. P. 12(g) (emphasis added). Subdivision h(2) in turn provides that "[a] defense of failure to state a claim upon which relief can be granted . . . may be made in any pleading permitted or ordered under Rule 7(a), or by motion for judgment on the pleadings, or at the trial on the merits." FED. R. CIV. P. 12(h)(2). Read together, Rule 12(g) exempts a Rule 12(b)(6) defense from its consolidation requirement, and Rule 12(h)(2) preserves the defense from Rule 12(h)(1)'s waiver mechanism. 5A C. Wright & A. Miller, Federal Practice and Procedure §1361 (2003 Supp.) at 666.

2. *The Defendants' Right to Raise a Rule 12(b)(6) Defense*

Before addressing the substantive merits of the defendants' Rule 12(b)(6) motion, the court must again address MCW's claims of waiver. MCW argues that the defendants are barred from asserting the Rule 12(b)(6) motion because they failed to bring that defense in their first Rule 12(b) motion. MCW's Response at 5. MCW contends, in other words, that the ban against successive pre-answer motions includes Rule 12(b)(6) defenses, and that the right to maintain the defense is lost if the defendants neglect to include it in their first Rule 12(b) motion. In this instance, however, MCW is wrong.

MCW has failed to read the provisions of Rule 12(g) and 12(h)(2) in tandem. Together, Rules 12(g) and (h)(2) operate to exempt a Rule 12(b)(6) defense from the consolidation requirement and to preserve that defense from waiver. 5A C. Wright & A. Miller, Federal Practice and Procedure § 1361 (2003 Supp.) at 666. Therefore, the fact that the defendants did not assert a Rule 12(b)(6) defense in their first Rule 12(b) motion does not bar them from asserting a Rule 12(b)(6) defense in the present motion. As a result, the court will proceed to address the merits of the Rule 12(b)(6) motion.

3. *Legal Standard for Dismissal Under Rule 12(b)(6)*

Federal Rule of Civil Procedure 12(b)(6) authorizes dismissal of a complaint for "failure to state a claim upon which relief can be granted." FED. R. CIV. P. 12(b)(6). There are two primary principles that guide the court's determination of whether dismissal under Rule 12(b)(6) should be granted. First, a motion under Rule 12(b)(6) should be granted only if it appears beyond doubt that the plaintiff could prove no set of facts in support of its claims that would entitle it to relief. *Conley v. Gibson*, 355 U.S. 41, 45-46 (1957); *Leffall v. Dallas Independent School District*, 28 F.3d 521, 524 (5th Cir. 1994); see also *Kaiser Aluminum & Chemical Sales, Inc. v. Avondale Shipyards, Inc.*, 677 F.2d 1045, 1050 (5th Cir. 1982) (citing WRIGHT & MILLER, FEDERAL PRACTICE AND PROCEDURE: Civil § 1357 at 598 (1969), for the proposition that "the motion to dismiss for failure to state a claim is viewed with disfavor and is rarely granted"), *cert. denied*, 459 U.S. 1105 (1983). Second, the court must accept all well-pleaded facts as true and view them in the light most favorable to the plaintiff. See *Capital Parks, Inc. v. Southeastern Advertising and Sales System, Inc.*, 30 F.3d 627, 629 (5th Cir. 1994); *Norman v. Apache Corporation*, 19 F.3d 1017, 1021 (5th Cir. 1994); *Chrissy F. by Medley v. Mississippi Department of Public Welfare*, 925 F.2d 844, 846 (5th Cir. 1991). However, conclusory allegations and unwarranted factual deductions will not suffice to prevent a motion to dismiss. *United States ex rel. Willard v. Humana Health Plan of Texas Inc.*, 336 F.3d 375, 379 (5th Cir. 2003).

4. *The Defendants' Grounds for Dismissal Pursuant to Rule 12(b)(6)*

a. The Communications Decency Act

The defendants base their Rule 12(b)(6) motion, in part, on the contention that all of MCW's claims are barred by the Communications Decency Act ("CDA"), 47 U.S.C. § 230. Defendants' Motion to Dismiss at 8-9. The CDA, if applicable, is an appropriate ground for dismissal of the complaint under Rule 12(b)(6) because the Act would preclude MCW from establishing a set of facts that would entitle it to relief. See generally *Schneider v. Amazon.com, Inc.*, 31 P.3d 37 (Wash. Ct. App. 2001) (affirming the trial court's decision to dismiss a cause of action, pursuant to a Rule 12(b)(6) motion, where immunity was extended to Amazon.com through the CDA).

The CDA provides that "[n]o provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider." 47 U.S.C. § 230(c)(1). The term "interactive computer service" is defined as "any information service, system, or access software provider that provides or enables computer access by multiple users to a computer server, including specifically a service or system that provides access to the Internet and such systems operated or services offered by libraries or educational institutions." *Id.* § 230(f)(2). The term "information content provider" is defined as "any person or entity that is responsible, in whole or in part, for the creation or development of information provided through the Internet or any other interactive computer service." *Id.* § 230(f)(3).

Under this statutory scheme, Congress has immunized interactive computer services from any cause of action that would make them liable for publishing information provided by a third-party user of the service. *Carafano v. Metrosplash.com, Inc.*, 339 F.3d 1119, 1122 (9th Cir. 2003); *Zeran v. America Online, Inc.*, 129 F.3d 327, 330-31 (4th Cir. 1997), *cert. denied*, 524 U.S. 937 (1998). The CDA, however, does not immunize an interactive computer service if it also functions as an information content provider for the portion of the statement or publication at issue. *Carafano*, 339 F.3d at 1123, 1125; see also *Blumenthal v. Drudge*, 992 F. Supp. 44, 50 (D.D.C. 1998) (acknowledging that § 230(c)(1) would not immunize AOL with respect to any information developed or created entirely by itself and that joint liability would be possible if AOL "had any role in creating or developing any of the information" in the posted material); *Schneider*, 31 P.3d at 43 (implying that its determination that Amazon.com qualified for immunity would be different had Amazon.com contributed to the creation or development of the material). The CDA requires courts to determine, therefore, when content provided by third-parties is somehow transformed into content created or developed by an interactive computer service. *Carafano v. Metrosplash.com, Inc.*, 207 F.Supp.2d 1055, 1067-68 (C.D. Cal.

2002), *aff'd on other grounds*, 339 F.3d 1119 (9th Cir. 2003) (rejecting the trial court's conclusion that Matchmaker.com was an information content provider).

The distinction between merely publishing information provided by a third-party as an interactive computer service and actually creating or developing any of the information posted as an information content provider is critical. See *Carafano*, 207 F.Supp.2d at 1067. That distinction determines whether the CDA provides immunity to a provider or user of an interactive computer service. *See* 47 U.S.C. § 230(c)(1). Claims against interactive computer services are barred only if they seek to hold the party liable for its exercise of a publisher's traditional editorial functions -- such as deciding whether to publish, withdraw, postpone, or alter content. *Zeran*, 129 F.3d at 330. Therefore, the right to edit a posting and the act of editing do not prohibit an interactive computer service from falling under the CDA's protective umbrella of immunity.[7] *Schneider*, 31 P.3d at 43 (finding that the mere right to edit did not exclude Amazon.com from the scope of protection granted by § 230); *Zeran*, 129 F.3d at 330-31 (finding that AOL was protected when exercising a publisher's traditional editorial functions, such as determining whether to alter content). An interactive computer service is not required to serve as an intermediary or a mere conduit in order to enjoy immunity.[8] See *Carafano*, 339 F.3d at 1124-25 (disagreeing with the trial court's conclusion that Matchmaker was an information content provider even though Matchmaker was more than a mere conduit of information). Indeed, some courts hold that it is not inconsistent with the CDA for an interactive computer service to act as both an interactive service provider and an information content provider.[9] *Batzel v. Smith*, 333 F.3d 1018, 1031 (9th Cir. 2003), *pet. for cert. filed* (Mar. 2, 2004) (No. 03-1247); *Carafano*, 339 F.3d at 1125 (quoting *Gentry v. eBay, Inc.*, 99 Cal.App.4th 816, 121 Cal. Rptr.2d 703 (2002)). Therefore, it is not sufficient for courts to limit their inquiries by asking only whether an interactive computer service acts as an information content provider. "The critical issue is whether . . . [the interactive computer service] acts as an information content provider with respect to the information" that was posted. *Carafano*, 339 F.3d at 1125; see also *Batzel*, 333 F.3d at 1031 (stating that the pertinent question is

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[7] The Ninth Circuit has gone even farther, stating that "so long as a third party willingly provides the essential published content, the interactive service provider receives full immunity regardless of the specific editing or selection process." *Carafano*, 339 F.3d at 1124.

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[8] To hold otherwise -- that an interactive computer service could not engage in a selection or editing process -- would circumvent one of the primary objectives of the CDA. Although Congress enacted § 230(c) of the CDA for numerous policy reasons, 47 U.S.C. § 230(b)(1-5), one of the primary reasons was to encourage voluntary monitoring for offensive or obscene material. *Id.* § 230(b)(4); *Carafano*, 339 F.3d at 1122 (citing *Batzel v. Smith*, 333 F.3d 1018, 1026-30 (9th Cir. 2003)). Denying immunity protection to parties who edit offensive or obscene material would deter, rather than promote, self-regulation.

[9] Allowing a party to act as both an interactive computer service and an information service provider is consistent with the language of the statute, which precludes treatment as a publisher or speaker only when the information at issue is provided by "*another* information content provider." 47 U.S.C. § 230(c)(1) (emphasis added); *Carafano*, 339 F.3d at 1125.

"whether Cremers can also be considered to have created or developed Smith's e-mail message forwarded to the listserv") (internal quotations omitted). Section 230(c) immunity is not so broad as to extend to an interactive computer service that goes beyond the traditional publisher's role and takes an active role in creating or developing the content at issue.

In order for the defendants to enjoy immunity under the CDA, they must establish that: (1) both Magedson and BBB are providers or users of an interactive computer service, (2) neither Magedson nor BBB act as an information content provider with respect to the information that was posted, and (3) the asserted claims treat the defendants as a publisher or speaker of information originating from a third-party. The defendants contend that the CDA immunizes them from MCW's claims because they are a web site host exercising a publisher's traditional editorial functions. Defendants' Reply at 7. The defendants further contend that MCW's claims are barred by the CDA because the allegations of actively posting reports, removing reports, removing parts of reports, encouraging reports, and failing to correct reports do not rise to the level of creating or developing information as an information content provider. *Id.* MCW's allegations, the defendants argue, only cover protected editorial activities. *Id.* Additionally, the defendants assert that MCW failed to allege that the defendants create or develop the information in the consumer reports. *Id.* at 7-8. According to the defendants, MCW alleges that the defendants are information content providers only because they edit and create *titles* to the consumer reports, as opposed to editing and creating the *contents* of the reports. *Id.* The defendants claim that this distinction is significant because merely editing and creating titles is insufficient to establish their status as information content providers so as to deprive them of CDA immunity. *Id.* Holding otherwise, the defendants argue, would circumvent the CDA and be contrary to public policy. *Id.* at 7. For the reasons discussed below, the court disagrees with these arguments.

First, the defendant Magedson does not qualify for immunity under the CDA because he is neither a provider nor a user of an interactive computer service. Section 230(c)(1) of the CDA only extends immunity to a "provider or user of an interactive computer service." 47 U.S.C. § 230(c)(1). Reviewing courts have construed the term "interactive computer service" rather broadly, finding that web hosts are recognized as providers of interactive computer services. See, *e.g.*, *Carafano v. Metrosplash.com, Inc.*, 207 F.Supp.2d 1055, 1065-1066 (C.D. Cal. 2002) (concluding that Matchmaker.com is a website operator qualifying as a provider of an interactive computer service), *aff'd on other grounds*, 339 F.3d 1119 (9th Cir. 2003); *Gentry v. eBay, Inc.*, 99 Cal.App.4th 816, 831 (2002) (holding that a website is an interactive computer service); *Schneider v. Amazon.com*, 31 P.3d 37, 40-41 (Wash. App. 2001) (same). These courts have concluded that such an expansive interpretation is required by the broad definitions of interactive computer service and information content provider in § 230(f). Whereas the definition of interactive content provider refers to "information provided through the Internet or any *other* interactive computer service," § 230 (f)(3), suggesting that the statutory immunity extends beyond the Internet itself, the definition of interactive computer service states that it "includ[es] specifically a service or system that provides access to the Internet," § 230 (f)(2), further suggesting that services providing access to the Internet itself (such as Internet Service Providers) are only a subset of the services to which statutory immunity applies. See also *Carafano*, 207 F.Supp.2d at 1065-66 (recognizing that Internet service providers are only a subset of interactive services to which § 230 immunity applies); *Batzel*, 333 F.3d at 1030 (same); *Schneider*, 31 P.3d at 40 (same).

Both BBB and Magedson claim that they qualify for § 230(c) immunity as providers of an interactive computer service because they operate a web site. MCW does not dispute that BBB is a provider of an interactive computer service. However, MCW does object to Magedson receiving immunity under the CDA. The defendants have failed to offer any proof that Magedson is a provider or user of an interactive computer service. *See* MCW's Response at 17 n.78. More importantly, the court notes that the defendants have consistently portrayed Magedson as an individual who neither owns nor operates the websites at issue. Defendants' Motion to Dismiss at 2; Defendants' Reply at 5. If Magedson neither owns nor operates the websites, he cannot qualify as an interactive computer service. *See* 47 U.S.C. § 230(f)(2).

Because Magedson is not shown to be an interactive computer service, he fails the first requirement for immunity under the CDA and cannot qualify for § 230(c) immunity.

Moreover, even if Magedson could somehow qualify for immunity as an interactive computer service, neither he nor BBB meets the other requirements for § 230(c) immunity. Both Magedson and BBB satisfy the definition of information content providers with respect to the disputed consumer complaints posted on the websites. In determining whether the defendants qualify as information content providers, the critical issue is whether they are "responsible, in whole or in part, for the creation or development of [any disputed] information." § 230(f)(3). In this case, the defendants are clearly information content providers. Contrary to the defendants' arguments, MCW is not seeking to hold the defendants liable for merely publishing information provided by a third party. Rather, MCW is seeking relief because the defendants themselves create, develop, and post original, defamatory information concerning Bernard Haldane. MCW's Response at 21-22. Indeed, the defendants do not dispute MCW's allegations that the defendants personally write and create numerous disparaging and defamatory messages about Bernard Haldane in the form of report titles and various headings.[10] Neither do the defendants dispute that they have also created and posted other disparaging editorial messages about Bernard Haldane.[11]

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[10] MCW has alleged, and neither defendant has denied, that the defendants create report titles such as "Con Artists," "Scam," and "Ripoff," and

(continued...)

Rather than disputing the substance of MCW's allegations, the defendants maintain that the allegations are insufficient to prevent them from receiving immunity under the CDA, because MCW's trademark infringement and defamation claims are based on the *content* of the reports from third-party consumers rather than the *titles* or *headings* of the reports. Defendants' Reply at 10. The defendants are mistaken here. They have misinterpreted both MCW's claims and the CDA. First, MCW's claims are clearly based on the disparaging titles, headings, and editorial messages that MCW alleges the defendants created. *See* MCW's Amended Complaint at 14-18; MCW's Response at 22-25. Second, the CDA does not distinguish between acts of creating or developing the contents of reports, on the one hand, and acts of creating or developing the titles or headings of those reports, on the

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[10](...continued)
organize the reports under headings such as "Con Artists" and "Corrupt Companies." MCW's Response at 18.

[11] MCW has also alleged that in addition to creating report titles and headings, the defendants personally wrote and created various messages, including: (1) "We will not rest until [Plaintiff] either change[s] their fraudulent business practices or are run out of business. In the meantime, we will do our best to help their victims get their money back . . . ."; and (2) "The comments by the victim above are typical to Rip-off Report of Bernard Haldane. Usually forced statements derive from the victim in order to receive FULL or partial settlement from the Bernard Haldane SCAM which has bilked thousands of victims of millions of dollars fraudulently worldwide. Rip-off Report has relentlessly pursued this corrupt company . . . ." MCW's Response at 18-19 (emphasis in original omitted).

other. The titles and headings are clearly part of the web page content. Accordingly, the defendants are information content providers with respect to the website postings and thus are not immune from MCW's claims.

In addition to creating headings, report titles, and messages, the defendants are also information content providers because they are "responsible, in whole or in part, for the creation or development" of third party defamatory messages.[12] § 230(f)(3). MCW alleges that the defendants actively encourage, instruct, and participate in the consumer complaints posted on the websites. Specifically, MCW contends, the defendants, in an e-mail signed by Magedson, encouraged a consumer to take photos of (1) the owner, (2) the owner's car with license plate, (3) the owner handing out Rip-off Reports in front of Haldane's offices, and (4) the Bernard Haldane sign in the background with the Rip-off Reports in hand, all so that the defendants could include these photos on the websites. MCW's Response at 21. These allegations, which the defendants neither deny nor address, suggest -- at a minimum -- that the defendants are responsible for the materials created and developed by the consumer. The defendants cannot disclaim responsibility for disparaging material that they actively solicit. Furthermore, actively encouraging and instructing a consumer to gather specific detailed information is an activity that goes substantially beyond the traditional publisher's editorial role. The defendants are clearly doing more than making minor alterations to a consumer's message. They are participating in the process of developing information. Therefore, the defendants have not only incurred responsibility for the information developed and created by consumers, but have also gone beyond the publisher's role and developed some of the defamatory information posted on the websites.

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[12] The CDA requires courts to consider whether a party "*is responsible*, in whole or in part, for the creation or development of information." § 230(f)(3) (emphasis added). Therefore, the statute does not require a court to determine only whether a party creates or develops the information at issue. Being responsible for the creation or development of the information is sufficient. This distinction is significant because a party may be responsible for information created or developed by a third party without actually creating or developing the information itself. Some courts have ignored this distinction, broadening the scope of immunity to protect those who do not create or develop the information themselves, but are still responsible for the creation or development of information. See *Carafano*, 339 F.3d at 1124.

Because the defendants are information content providers with respect to the report titles, headings, and some of the defamatory messages posted on the websites, they cannot claim § 230 immunity under the CDA. Therefore, the CDA does not provide a basis for dismissal of this complaint. To the extent that any part of the defendants' Rule 12(b)(6) motion rests squarely on the contention that all of MCW's claims are barred by the CDA, that part of the defendants' motion is denied. The court must now consider the alternative grounds on which the defendants move for dismissal under Rule 12(b)(6).

b. Lanham Act Causes of Action

MCW asserts two separate causes of action against the defendants under the Lanham Act: one for unfair competition under 15 U.S.C. § 1125(a)(1)(A), and the other for false advertising under 15 U.S.C. § 1125(a)(1)(B). The unfair competition or "consumer confusion" section of the Lanham Act "is intended to prevent confusion, mistake, or deception regarding the *source* of goods or services." *In re Connecticut Mobilecom, Inc*, No. 02-12725 REG, 02-02519 WHP, 2003 WL 23021959, at *8-*9 (S.D.N.Y. Dec. 23, 2003) (emphasis added) (quoting *Target Adver. v. Miller*, No. 01 CIV. 7614(AGS), 2002 WL 999280, at *6 (S.D.N.Y. May 15, 2002)). Section 1125(a)(1)(A) provides, in relevant part, that "[a]ny person who, on or in connection with any goods or services, . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -- (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act." 15 U.S.C. § 1125(a)(1)(A).

The false advertising section of the Lanham Act, on the other hand, "is intended to prevent confusion, mistake, or deception regarding the *characteristics or* *qualities* of goods or services." *Connecticut Mobilecom*, 2003 WL 23021959, at *9 (emphasis added) (quoting *Target*, 2002 WL 999280, at *8). Section 1125(a)(1)(B) provides, in relevant part, that "[a]ny person who, on or in connection with any goods or services, . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -- (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act." 15 U.S.C. § 1125(a)(1)(B).

The defendants move to dismiss both of MCW's Lanham Act claims. The defendants contend that MCW fails to state an unfair competition claim because MCW is not in direct competition with the defendants. The motion for dismissing the false advertising claim rests on the argument that the use complained of is not in "commercial advertising or promotion." Defendants' Motion to Dismiss at 9. However, before addressing the merits of the defendants' motion to dismiss, the court must first consider whether MCW has standing to bring a Lanham Act claim.

i. Prudential Standing

Although neither party has raised the issue of standing, the court may consider it *sua sponte*. *Bauer v. Texas*, 341 F.3d 352, 357 (5th Cir. 2003); *Lang v. French*, 154

F.3d 217, 222 n.28 (5th Cir. 1998). There are two components to the standing doctrine. The traditional component refers to Article III standing, requiring a party to show injury, causation, and redressability. *Okpalobi v. Foster*, 244 F.3d 405, 425 (5th Cir. 2001). Article III standing imposes constitutional limitations on the jurisdiction of the federal courts. *Ruiz v. Estelle*, 161 F.3d 814, 829 n.22 (5th Cir. 1998). Beyond constitutional requirements, federal courts also adhere to a second component that bears on the question of standing -- a set of prudential principles. *Bauer*, 341 F.3d at 357; *McClure v. Ashcroft*, 335 F.3d 404, 411 (5th Cir. 2003) (quoting *Valley Forge Christian College v. Americans United for Separation of Church and State, Inc.*, 454 U.S. 464, 475 (1982)).

Prudential standing requirements are judicially created limits. *Procter & Gamble Company v. Amway Corporation*, 242 F.3d 539, 560 (5th Cir.), *cert. denied*, 534 U.S. 945 (2001). The requirements "help courts identify proper questions of judicial adjudication, and further define the judiciary's role in the separation of powers." *McClure*, 335 F.3d at 411 (quoting *Ruiz*, 161 F.3d at 829 n.22). Specifically, those requirements address "whether a plaintiff's grievance arguably falls within the zone of interests protected by the statutory provision invoked in the suit, whether the complaint raises abstract questions or a generalized grievance more properly addressed by the legislative branch, and whether the plaintiff is asserting his or her own legal rights and interests rather than the legal rights and interests of third parties." *Procter & Gamble*, 242 F.3d at 560.

This court is faced with determining whether MCW has prudential standing under the Lanham Act. Although prudential standing considerations are significantly lessened where Congress has authorized a party's intervention into a case, *Raines v. Byrd*, 521 U.S. 811, 820 (1997), the Fifth Circuit has already concluded that "Congress did not intend to abrogate prudential standing principles with respect to the Lanham Act." *Logan v. Burgers Ozark Country Cured Hams, Inc.*, 263 F.3d 447, 460 n.9 (5th Cir. 2001) (citing *Procter & Gamble*, 242 F.3d at 560-61). Accordingly, in light of Congress's failure to abrogate, the court must apply this circuit's five-factor test to determine whether MCW has prudential standing under the Lanham Act. See, *e.g.*, *Ford v. NYLcare Health Plans, Inc.*, 301 F.3d 329, 331-32 n.1 (5th Cir. 2002) (outlining the test for determining prudential Lanham Act standing), *cert. denied*, 538 U.S. 923 (2003); *Logan*, 263 F.3d at 460-62 (same); *Procter & Gamble*, 242 F.3d at 562-65 (adopting the test set forth in *Conte Brothers Automotive, Inc. v. Quaker State-Slick 50, Inc.*, 165 F.3d 221, 229 (3rd Cir. 1998)); *KIS, S.A. v. Foto Fantasy, Inc.*, 240 F.Supp.2d 608, 616 (N.D. Tex. 2002). The five factors to be considered are "(1) the nature of the plaintiff's alleged injury: Is the injury of a type that Congress sought to redress in providing a private remedy for violations of [the Lanham Act]?; (2) the directness or indirectness of the asserted injury; (3) the proximity or remoteness of the party to the alleged injurious conduct; (4) the speculativeness of the damages claim; and (5) the risk of duplicative damages or complexity in apportioning damages." *Procter & Gamble*, 242 F.3d at 563 (internal quotation marks omitted). Weighed together, these factors reveal that MCW lacks prudential standing to bring the unfair competition and false advertising claims under the Lanham Act.

The first factor directs the court to decide "whether the alleged injury is of a type Congress sought to redress in providing a private remedy for violations of the Lanham Act." *Id.* The injury complained of by MCW -- the erosion of Bernard Haldane's goodwill and reputation and lost sales from potential customers because of the defendants posting of false, misleading, disparaging, and deceptive messages -- is not one that Congress sought to redress through the Lanham Act, because it is not the type of injury that the Lanham Act is aimed at. As recognized by the Fifth Circuit in *Procter & Gamble*, the Lanham Act focuses on "commercial interests [that] have been harmed by a competitor's false advertising . . . and in secur[ing] to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not." *Id.* (quoting *Granite State Ins. Co. v. Aamco Transmissions, Inc.*, 57 F.3d 316 (3d Cir. 1995); *Conte Bros.*, 165 F.3d at 234, *and* S. Rep. No. 1333, 79th Cong., 2d Sess. (1946), reprinted in 1946 U.S.C.C.A.N. 1274, 1275)). Redressing MCW's alleged injuries would further neither of these purposes. Although MCW's alleged injuries are commercial in nature (in that the misrepresentations might result in lost sales for its business), they are not competitive in nature. In other words, MCW contends only that it has been harmed by false advertising, not that it has been harmed by a *competitor's* false advertising touting the virtues of a competing product or service.

Regarding the Act's second purpose, MCW's alleged reputational harm is not the type of harm addressed by the Lanham Act. The Lanham Act addresses the diversion of one party's good will to another undeserving party. *Procter & Gamble*, 242 F.3d at 563 (recognizing that the Lanham Act focuses on "secur[ing] to the business community the advantages of reputation and good will *by preventing their diversion from those who have created them to those who have not*") (emphasis added). MCW does allege that its reputation has suffered, and will continue to suffer, as a consequence of the defendants' deception, but not that it will suffer *and* that the defendants' reputation will be bolstered. Clearly, MCW's allegations are missing an element of the variety of reputational harm Congress sought to address through the Lanham Act. Taken together, the non-competitive nature of MCW's harm and the general nature of MCW's reputational injury weigh heavily against a conclusion that MCW has prudential standing under the Lanham Act. See *Cook Drilling Corp. v. Halco America, Inc.*, No. CIV. A. 01-2940, 2002 WL 84532 (E.D. Pa. Jan. 22, 2002) (weighing similar findings in the same manner while analyzing the same *Conte Bros.* five-factor prudential standing test that was adopted by the Fifth Circuit).

The second factor -- directness of the alleged injury -- also suggests MCW has no prudential standing to bring a claim under § 43(a) of the Lanham Act. When evaluating the second factor, the Fifth Circuit finds standing where a competitor is directly injuring another by making false statements about his own goods and thus inducing customers to switch from a competitor. See *Logan*, 263 F.3d at 461 (finding the second factor to weigh in favor of prudential standing where the alleged injury was that HoneyBaked's false advertising about its own goods influenced its customers to buy its product instead of Logan's product); *Procter & Gamble*, 242 F.3d at 563 (finding the second factor to weigh against standing where there is no competitor directly injuring another by making false statements and inducing a customer to switch from a competitor). MCW's alleged injury does not arise from a competitor making false statements about his own goods. Nor does it arise from a competitor or non-competitor touting another's goods to induce customers to switch services. The defendants and MCW do not even offer similar products. The defendants operate a consumer complaint forum, while MCW offers a career counseling service.

The second factor also undercuts standing if the claimed harm is attenuated. *Procter & Gamble*, 242 F.3d at 563. In this case, MCW's claimed harm is attenuated in that it is alleged to come from lost sales to potential customers. If standing is allowed here, one could argue that any non-competitor's deceptive acts that further its business and harm another by causing it to lose potential customers could be sued upon as a violation of the Lanham Act. See *id.* It would not be prudent to open up standing to this extent. *Id.*

The third factor -- the proximity of the party to the alleged injurious conduct -- also weighs against standing in this case. This factor requires a court to determine whether there is "an identifiable class of persons whose self-interest would normally motivate them to vindicate the public interest," thus "diminish[ing] the justification for allowing a more remote party . . . to perform the offices of a private attorney general." *Procter & Gamble*, 242 F.3d at 563 (quoting *Associated General Contractors of Cal., Inc. v. Cal. State Council of Carpenters*, 459 U.S. 519, 542 (1983)). In this case, the alleged harm caused by the defendants' deceptive and disparaging remarks about Bernard Haldane likely affects only MCW. There is no direct competitor or even a non-competitor with a more immediate injury than MCW. Therefore, MCW is a person whose self-interest would normally motivate it to vindicate the public interest. However, there is still no need in this case to use the Lanham Act to empower MCW as a private attorney general. The Lanham Act is not the only source of relief for MCW. Other avenues are available by which MCW can vindicate the public interest. Namely, MCW could sue, and has sued, for business disparagement.

The fourth factor -- speculativeness of the damages -- does not undercut prudential standing in this case. Although MCW has not determined the actual amount of injury ascertained, its alleged damages are not speculative. MCW has provided evidence of concrete commercial losses stemming from the defendants' deceptive and disparaging postings on its website. *See* Rip-offreport.com Web Page, *attached to* Amended Complaint, as Exhibits 7-8 at 1 (postings of potential customers claiming to have canceled appointments with Bernard Haldane after reading the Rip-off reports on the defendants' websites).

The fifth and final factor -- the risk of duplicative damages or complexity of apportioning damages -- does not weigh against standing. The problem of duplicative damages arises where other parties are more directly or immediately injured than the plaintiff and have the right to sue for their harms suffered. See *Cook Drilling*, 2002 WL 84532 at *9. "[R]ecognizing the right of every potentially injured party in the distribution chain to bring a private damages action would subject defendant firms to multiple liability for the same conduct and would result in administratively complex damages proceedings." *Conte Bros.*, 165 F.3d at 235. Although granting standing in this case would open up the Lanham Act as an avenue of relief to any party injured by a non-competitor's disparaging and deceptive messages, duplicative damages are not at issue in this case. Not only are there no other parties more directly injured than MCW, but MCW is likely the only injured party in this case. Therefore, there is no concern that the defendants will be subject to additional causes of action from other plaintiffs for the same conduct that allegedly harmed MCW.

In sum, the first three factors counsel heavily against granting Lanham Act prudential standing to MCW, and the last two factors -- the non-speculative nature of the damages and the risk of duplicative damages -- weigh in favor of prudential standing. Therefore, MCW's problem is not its alleged harm; the issue facing MCW is whether it stands as an optimal plaintiff under the Lanham Act. The first three factors clearly indicate MCW is far from the optimal plaintiff under § 43(a) of the Lanham Act. MCW's alleged injuries further neither of the Lanham Act's purposes; its injuries, therefore, are distinguishable from those for which § 43(a) was intended as a remedy. For these reasons, this court concludes that MCW lacks prudential standing to bring either the unfair competition or false advertising claim under the Lanham Act. Accordingly, these claims are dismissed.

Even if MCW had prudential standing to bring its Lanham Act claims, however, neither the unfair competition claim under § 1125 (a)(1)(A), nor the false advertising claim under § 1125 (a)(1)(B), would survive the defendants' Rule 12(b)(6) defense.

ii. Lanham Act Unfair Competition Claim

"The touchstone of a section 1125(a)[(1)(A)] unfair competition claim is whether the defendant[s'] actions are 'likely to cause confusion.'" *McCoy v. Mitsuboshi Cutlery, Inc.*, 67 F.3d 917, 923 (Fed. Cir. 1995) (quoting *Matrix Essentials Inc. v. Emporium Drug Mart, Inc.*, 988 F.2d 587, 592 (5th Cir. 1993)), *cert. denied*, 516

U.S. 1174 (1996). Thus, an unfair competition claim is similar to a trademark infringement claim in that both claims depend on a likelihood of confusion. *Id.* at 923 (citing *Matrix Essentials*, 988 F.2d at 590, 592).[13] In determining whether a likelihood of confusion exists, most courts evaluate the following factors: "(1) the type of mark allegedly infringed, (2) the similarity between the two marks (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendant's intent, and (7) any evidence of actual confusion."[14] *Westchester Media v. PRL USA Holdings,*

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[13] MCW has also charged the defendants with unfair competition and trademark infringement under Texas common law. Likelihood of confusion is also the governing standard for both of these claims. *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 663-64 n.1 (5th Cir. 2000) (stating that likelihood of confusion is the governing standard for unfair competition under Texas common law) (citing *Blue Bell Bio-Medical v. Cin-Bad, Inc.*, 864 F.2d 1253, 1261 (5th Cir. 1989)); see also *King v. Ames*, 179 F.3d 370, 374 (5th Cir. 1999) (stating that the analysis of likelihood of confusion in an unfair competition Lanham Act claim applies to the common law unfair competition claim and disposes of the two in tandem). *Zapata Corp. v. Zapata Trading International, Inc.*, 841 S.W.2d 45, 47 (Tex. App.--Houston [14th Dist.] 1992) ("A common law trademark infringement action under Texas law presents no difference in issues than those under federal trademark infringement actions.") (citing *Waples-Platter Companies v. General Foods Corp.*, 439 F.Supp. 551, 583 (N.D. Tex. 1977)). Therefore, the analysis of MCW's federal unfair competition claim under § 1125(a)(1)(A) of the Lanham Act also controls both of the Texas common law claims for unfair competition and trademark infringement. See *Westchester Media*, 214 F.3d at 664 n.1; *King*, 179 F.3d at 374.

[14] This court is mindful of past Fifth Circuit precedent applying a different test to analyze a claim for unfair competition under § 1125(a)(1)(A). In *King v. Ames*, the Fifth Circuit cited *Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488, 1500 (5th Cir. 1990), for the proposition that a Lanham Act unfair competition claim requires a person to demonstrate that (1) the defendants made false statements of

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facts about their product, (2) those statements deceived, or had the potential to deceive, a substantial segment of potential customers, (3) the deception was material, tending to influence purchasing decisions, (4) the defendants caused their products to enter interstate commerce, and (5) the claimant has been or is likely to be injured as a result. *King*, 179 F.3d at 373-74. To the extent that the *King* court and others have relied on this test, rather than the digits of confusion, to prove a Lanham Act unfair competition claim, this court respectfully declines to follow such precedent. See *id.*; *Taylor Made Golf Company, Inc. v. MJT Consulting Group, LLC*, 265 F.Supp.2d 732, 744-45 (N.D. Tex. 2003).

This court declines to follow the five-factor *Taquino* test in the context of an unfair competition claim because both *Taquino* and the case from which *Taquino* adopted the test (*Skil Corp. v. Rockwell International Corp.*, 375 F.Supp. 777, 783 (N.D. Ill. 1974)), speak to false advertising claims rather than unfair competition claims. See *Taquino*, 893 F.2d at 1500 (finding that "[t]he alleged false and deceptive 'advertising' is not the type of activity the Lanham Act was designed to prevent"); *Skil*, 375 F.Supp. at 782-83 (applying the test in the context of comparison advertisement). Under the Lanham Act, false advertising claims are distinct from unfair competition claims in that an unfair competition claim concerns a false or misleading description of fact which is *likely to cause confusion* as to affiliation or the source of goods, and a Lanham Act false advertising claim concerns a false or misleading representation of fact *in commercial advertising*. *Compare* § 1125(a)(1)(A) *with* § 1125(a)(1)(B); see also *In re Connecticut Mobilecom*, 2003 WL 23021959, at *8-*10 (distinguishing between unfair competition and false advertising claims, and applying to the false advertising claim, but not to the unfair competition claim, a test identical to *Taquino*). The difference in language between § 1125(a)(1)(A) and § 1125(a)(1)(B) suggests that the same test should not be used to resolve claims under both statutory provisions. However, Fifth Circuit precedent does just this. See *Logan*, 263 F.3d at 462 (applying an identical five-factor test to a false advertising claim); *Seven-Up Co. v. Coca-Cola Co.*, 86 F.3d 1379, 1383 n.3 (5th Cir. 1996) (same). If courts are correct in finding that the touchstone of a § 1125(a)[(1)(A)] unfair competition claim is whether the defendant's actions are 'likely to cause confusion,'" *Matrix Essentials Inc., v. Emporium Drug Mart, Inc.*, 988 F.2d 587, 592 (5th Cir. 1993)), and likelihood of confusion also controls a Texas common law unfair competition claim such that both common law and federal unfair competition claims can be disposed of in tandem under a likelihood of confusion analysis, this court concludes that the test applied to a Lanham Act unfair competition claim should also be applied to common law unfair competition claims. Furthermore, that test should

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Inc., 214 F.3d 658, 664 (5th Cir. 2000); see also *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 543 (5th Cir. 1998); *Elvis Presley Enterprises, Inc. v. Capece*, 141 F.3d 188, 194 (5th Cir. 1998); *Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 149 (5th Cir. 1985). "No single factor is dispositive, and a finding of a likelihood of confusion does not require a positive finding on a majority of these 'digits of confusion.'" *Westchester Media*, 214 F.3d at 664; see also *Conan Properties*, 752 F.2d at 150; *Elvis Presley*, 141 F.3d at 194. Other relevant factors may be considered in determining whether a likelihood of confusion exists. *Westchester Media*, 214 F.3d at 664.

MCW is correct in noting that likelihood of confusion is generally regarded as a question of fact and should not be decided in a Rule 12(b)(6) motion to dismiss or in a motion for summary judgment. *King v. Ames*, No. 3:95-CV-3180-G, 1997 WL 86416, *5 (N.D. Tex. Feb. 18, 1997) (Fish, J.) (citing *Society of Financial Examiners v. National Association of Certified Fraud Examiners, Inc.*, 41 F.3d 223, 225 (5th Cir.), *cert. denied*, 515 U.S. 1103 (1995)), *aff'd in part, rev'd in part*, 179 F.3d 370 (5th Cir. 1999). Courts have also found that plaintiffs are not required to prove the likelihood of confusion at the pleading stage. *Eagle's Eye, Inc. v. Ambler Fashion Shop, Inc.*, 627 F.Supp. 856, 859 (E.D. Pa. 1985). There are, however, exceptions to the general

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[14](...continued)
be the multi-factored digits of confusion test.

rule. First, where "the record in the case at bar is devoid of any facts which would permit a reasonable jury to find that consumers were likely to be deceived," and there is no evidence showing how the plaintiff could have been injured by the alleged mis-attribution, courts conclude that summary judgment is an appropriate means by which to dismiss a Lanham Act likelihood of confusion claim. *King*, 1997 WL 86416 at *5-*6 (citing *Matrix Essentials*, 988 F.2d at 592-93), *aff'd on this point*, 179 F.3d 370, 374 (5th Cir. 1999) (rejecting the argument "that the issue of confusion may not be resolved on summary judgment"). Second, where the goods between two parties are unrelated as a matter of law, dismissal of a likelihood of confusion claim pursuant to a Rule 12(b)(6) motion is appropriate. *Toho Co., Ltd. v. Sears, Roebuck & Co.*, 645 F.2d 788, 790 (9th Cir. 1981); *Eagle's Eye*, 627 F.Supp. at 860. The present case presents an unusual unfair competition claim. Not only are the goods unrelated as a matter of law, but neither party is a direct competitor of the other. MCW assists individuals with career counseling, while the defendants operate a for profit consumer complaint forum. Under these circumstances, a Rule 12(b)(6) motion is a proper vehicle for deciding whether MCW has stated a Lanham Act unfair competition claim.

The defendants argue for dismissal of the unfair competition claim on the ground that they do not compete with MCW. Specifically, the defendants argue, there is no likelihood of confusion in the absence of any affiliation between the two companies. In response, MCW urges that the court deny the Rule 12(b)(6) motion because MCW has expressly alleged that the defendants use the Bernard Haldane mark -- without any consent or authorization -- in connection with publishing and posting false, misleading, and disparaging statements about MCW and its goods or services on the defendants' web sites. Specifically, MCW avers that the defendants post web site reports using the protected marks, create disparaging and defamatory titles to postings using the protected marks, and post numerous disparaging messages.

Bihari v. Gross, 119 F.Supp.2d 309 (S.D.N.Y. 2000), is highly instructive here. In *Bihari*, a provider of home design services, Bihari Interiors, brought a trademark infringement action and defamation suit against the operator of a website, Gross, who was critical of Bihari and her interior design services. *Id.* at 311-12, 314. Gross's website was similar to the defendants' website in the present case in that Gross's website provided disparaging guest book entries and defamatory titles. *See id.* at 314-15. All of the Gross websites used the "Bihari Interiors" mark as text and as metatags embedded within the websites' HTML code.[15] *Id.* at 313.

Although *Bihari* recognized that the likelihood of confusion question generally requires a multi-factored digits of confusion test, the court declined to apply the factors. *Id.* at 319 n.13. The court found that the factors were of little assistance because the Gross websites did not sell any goods of Bihari Interiors, did not directly compete with Bihari Interiors, and no longer used the Bihari Interiors mark in its domain name. *Id.* Together, these findings and the purpose of the web site were enough to convince the court that any likelihood of confusion was minimal. *Id.* at 318-19. The purpose and function of the Gross websites was particularly relevant to the court. The court noted that "no reasonable viewer would believe that the disparaging comments regarding Bihari's business ethics . . . are endorsed by Bihari." *Id.* at 319. Furthermore, the court found it relevant that there was no "lengthy delay between attempting to access plaintiff's home page and learning that one had failed to do so." *Id.*

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[15] "A metatag is a hypertext markup language ("HTML") code, invisible to the Internet user, that permits web designers to describe their web page." *Bihari*, 119 F.Supp. at 312 n.3.

In the present case, this court also finds that the multi-factored digits of confusion are of little assistance. The defendants' websites do not sell any goods or services of Bernard Haldane and do not compete, directly or indirectly, with Bernard Haldane. Furthermore, the defendants' websites have never used any of the Bernard Haldane marks in its domain name. Most importantly, this court fails to understand how any reasonable viewer of the defendants' website would believe that the disparaging comments regarding Bernard Haldane's business are endorsed by Bernard Haldane. Those accessing the defendants' websites would immediately recognize that the web pages do not belong to Bernard Haldane. For these reasons, this court finds there is absolutely no evidence of a likelihood of confusion. Accordingly, MCW's complaint does not properly state a claim for unfair competition under § 1125(a)(1)(A) of the Lanham Act.

iii. Lanham Act False Advertising Claim

A false advertising claim under § 1125(a)(1)(B) of the Lanham Act requires a plaintiff to allege: "(1) that the defendant has made false or misleading statements as to his own product or another's; (2) that there is actual deception or at least a tendency to deceive a substantial portion of the intended audience; (3) that the deception is material in that it is likely to influence purchasing decisions; (4) that the advertised goods travelled in interstate commerce; and (5) that there is likelihood of injury to the plaintiff in terms of declining sales, loss of goodwill, etc." *Seven-Up Co. v. Coca-Cola Co.*, 86 F.3d 1379, 1383 n.3 (5th Cir. 1996) (citing *Ditri v. Coldwell Banker Residential Affiliates, Inc.*, 954 F.2d 869, 872 (3d Cir. 1992)); see also *Logan v. Burgers Ozark Country Cured Hams, Inc.*, 263 F.3d 447, 462 (5th Cir. 2001). The defendants move for dismissal of the Lanham Act false advertising claim on the ground that the use complained of by MCW is not in "commercial advertising or promotion." Defendants' Motion to Dismiss at 9. Therefore, the defendants dispute only the first element of a false advertising claim. *Seven-Up*, 86 F.3d at 1383 and n.3 (stating that only the first element is in dispute when the court's focus "is solely on the issue of whether the Coca-Cola presentation falls within the meaning of 'commercial advertisement or promotion' under the [Lanham] Act"). Consequently, the remaining four elements need not be discussed.

Fifth Circuit precedent holds that a representation constitutes a "commercial advertising or promotion" under § 43(a)(1)(B) if it is "(1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant's goods or services. While the representations need not be made in a 'classical advertising campaign,' but may consist insist instead of more informal types of 'promotion,' the representations (4) must be disseminated sufficiently to the relevant purchasing public to constitute 'advertising' or 'promotion' within that industry." *Seven-Up*, 86 F.3d at 1384 (finding the four factor test to be both accurate and sound). In this case, the court need not inquire any further than the second and third elements to determine that the defendants' postings on their websites do not constitute commercial advertising or promotion. With regard to the first element, the defendants are not in commercial competition with MCW. The defendants and MCW produce wholly unrelated goods or services. The third element is absent from the claim as well because the defendants do not make or post any of the disparaging messages for the purpose of influencing consumers to buy the defendants' goods or services rather than MCW's. In other words, there is no commercial attempt to entice consumers to switch from the services offered by MCW to the services offered by the defendants. See *id.* at

1386 (finding the third element satisfied where Coca-Cola developed and designed materials to target independent bottlers and convince them to switch from 7Up to Sprite).

Because MCW cannot show that the defendants have used the Bernard Haldane Marks in commercial advertising or promotion under § 43(a)(1)(B) of the Lanham Act, MCW has failed to state a false advertising claim for which relief can be granted. Accordingly, MCW's 43(a)(1)(B) false advertising claim is dismissed pursuant to the defendants' Rule 12(b)(6) motion.

c. Remaining State Law Claims

i. Business Disparagement

When adjudicating a state law claim, the federal court must apply the state law as interpreted by the state's highest court. See *Federal Deposit Insurance Corporation v. Abraham*, 137 F.3d 264, 267-68 (5th Cir.1998); *Express One International, Inc. v. Galland, Kharasch, Morse & Garfinkle, P.C.*, No. 3:94-CV-1900-P, 1999 WL 794876 at *3 (N.D. Tex. Oct. 5, 1999). Therefore, in determining whether MCW has established a claim for business disparagement, this court will first look to the case law of the Texas Supreme Court. To establish a claim for business disparagement, Texas law requires MCW to allege (1) that absent any privilege, (2) the defendants published disparaging and false words, (3) with malice, (4) that caused special damages. *Forbes Inc. v. Granada Biosciences, Inc.*, 124 S.W.3d 167, 170 (Tex. 2003) (citing *Hurlbut v. Gulf Atlantic Life Insurance*, 749 S.W.2d 762, 766 (Tex. 1987)). The defendants challenge MCW's business disparagement claim on two grounds. First, the defendants contend that the claim is also barred by the CDA. Defendants' Reply at 10. Second, the defendants argue that MCW has failed to allege that the defendants published false statements of fact.[16] *Id.* at 11. According to the defendants, neither the report titles and headings nor the editorial comments that MCW has complained of establish a sufficient claim. The report titles and headings are allegedly insufficient because they are only summaries of complaints and thus not original content. The editorial comments purportedly fail of their purpose because MCW has not alleged that they contain false statements of fact. The defendants' arguments are unpersuasive and incorrect.

The court has already concluded that the CDA does not shield the defendants from any of MCW's claims. Consequently, MCW's business disparagement claim is not barred by the CDA. The defendants second argument also fails because MCW has alleged that the defendants themselves created or developed false and misleading material directed at Bernard Haldane that they then published on the websites. Specifically, MCW alleges that the defendants created and published false and disparaging report titles, headings, and editorial comments. The defendants cannot claim that these allegations are insufficient because the report titles and headings are summaries of the consumer complaints, and therefore not original content. The defendants create the titles and headings of the reports. Regardless of whether they summarize or paraphrase the contents of the consumer reports, the defendants are responsible for the content and are the original creators and publishers of that content. Therefore, by alleging that the defendants create and publish false and disparaging report titles and headings, MCW has, at a minimum, stated a claim for business disparagement.

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[16] The defendants have not challenged the complaint on the grounds of elements one, three, or four. Therefore, the court will not address the issues of malice, privilege, or special damages.

MCW has also stated a claim for business disparagement by alleging that the defendants create disparaging and false editorial comments about Bernard Haldane. One of the editorial comments complained of states, in part, that "the Bernard Haldane SCAM . . . has bilked thousands of victims of million dollars." MCW's Response at 18-19. Another states that "[w]e will not rest until they change their fraudulent business practices . . . [and] will do our best to help their victims get their money back." *Id.* at 18. The defendants attempt to dismiss MCW's claim by arguing that these statements are not alleged to be inaccurate or false. MCW clearly alleges in its amended complaint that the first statement is false. MCW's Amended Complaint at 12 (stating that "[t]his publication is false, misleading, and disparaging"). MCW similarly alleges in its amended complaint that the second statement is false. *Id.* at 10 ("This published and posted statement is false, misleading, and disparaging. MCW's . . . clients . . . are not 'victims.'"). Therefore, MCW's allegations of the defendants' disparaging and false editorial comments about Bernard Haldane are sufficient to state a claim for business disparagement.

For these reasons, the defendants' Rule 12(b)(6) motion to dismiss MCW's business disparagement claim is denied. However, on its own motion, the court declines to exercise supplemental jurisdiction over this one state law claim remaining in the case and thus dismisses it for lack of subject matter jurisdiction.[17]

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[17] Federal court jurisdiction exists over an entire action, including state law claims, when the federal and state law claims "'derive from a common nucleus of operative fact' and are 'such that [a plaintiff] would ordinarily be expected to try them all in one judicial proceeding.'" *Carnegie-Mellon University v. Cohill*, 484 U.S. 343, 349 (1988) (quoting *United Mine Workers of America v. Gibbs*, 383 U.S. 715, 725 (1966)). Yet a federal court's exercise of supplemental jurisdiction over state law claims is a "doctrine of discretion, not of plaintiff's right." *Gibbs*, 383 U.S. at 726. Consequently, "a federal court should consider and weigh in each case, and at every stage of the litigation, the values of judicial economy, convenience, fairness, and comity in order to decide whether to exercise jurisdiction over a case brought in that court involving pendent state-law claims." *Carnegie-Mellon*, 484 U.S. at 350.

When the federal claims are dismissed before trial and only state law claims remain, the balance of factors to be considered under the supplemental jurisdiction doctrine weigh heavily in favor of declining jurisdiction; therefore, the federal court should usually decline the exercise of jurisdiction over the remaining claims. *Id.* at n.7. Accordingly to the Fifth Circuit, "[o]ur general rule is to dismiss state claims when the federal claim to which they are pendent are dismissed." *Parker & Parsley Petroleum Co. v. Dresser Industries*, 972 F.2d 580, 585 (5th Cir. 1992) (citing *Wong v. Stripling*, 881 F.2d 200, 204 (5th Cir. 1989)).

In the case before the court, the federal claims against the defendants are being dismissed and only a single state law claim remains. Because the federal claims were dismissed before trial, the factors of judicial economy, convenience, fairness, and comity suggest that this court ought to decline jurisdiction over this remaining state law claim. *See* 28 U.S.C. § 1367(c)(3). Accordingly, the business

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ii. Texas Common Law Unfair Competition

The court has already decided that MCW's Lanham act unfair competition claim should be dismissed. The court found dismissal appropriate because there was no possible likelihood of confusion. Because MCW's unfair competition claim under § 1125(a)(1)(A) of the Lanham Act also controls MCW's common law claims for unfair competition, the court also dismisses MCW's common law unfair competition claim. See *supra*, note 13.

iii. Texas Common Law Trademark Infringement

MCW's unfair competition claim under § 1125(a)(1)(A) of the Lanham Act also controls MCW's common law claims for trademark infringement. *Id.* Therefore, the court's earlier finding that no likelihood of confusion exists requires the court to also dismiss MCW's common law trademark infringement claim to the extent it is also speaks of a likelihood of confusion claim. However, that does not end the inquiry here because MCW also raises common law claims of trademark infringement grounded in the likelihood of initial interest confusion. MCW contends that the defendants' use of the Bernard Haldane marks constitutes infringement because of likelihood of initial interest confusion among consumers searching the Internet for Bernard Haldane's services. *See* MCW's Response at 25. MCW claims that

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[17](...continued)
disparagement claim, which is governed exclusively by state law, is dismissed without prejudice to MCW's refiling it in state court.

consumers seeking Bernard Haldane's services are diverted to the defendants' websites, and consequently, the defendants reap the good will of the marks. *Id.* The court finds this argument unconvincing.

This court's earlier analysis under *Bihari* in dismissing the Lanham Act and common law unfair competition claims is equally instructive here. In addition to finding no likelihood of conclusion, *Bihari* concluded that there was no likelihood of initial interest confusion where the defendant websites are critical of the plaintiff, and use the plaintiff's protected marks in the text and metatags in the context of disparaging comments. *Bihari*, 119 F.Supp.2d at 319-21. *Bihari* recognized, as has MCW, that the concern with initial interest of confusion in cyberspace is that "potential customers of one website will be diverted and distracted to a *competing* website." *Id.* at 319 (emphasis added). "The harm is that the potential customer believes that the competing website is associated with the website the [potential] customer was originally searching for and will not resume searching for the original website." *Id.*

In the present case, several facts indicate that MCW is virtually certain not to suffer such harm. First, the defendants do not operate a competing website that sells or offers services similar to Bernard Haldane. If the defendants do not own or operate a competing website, they cannot divert Internet users away from Bernard Haldane. *Id.* at 320; see also *BigStar Entertainment, Inc. v. Next Big Star, Inc.*, 105

F.Supp.2d 185, 209-10 (S.D.N.Y. 2000) (stating that initial interest confusion does not arise where parties are not in close competitive proximity). Second, diversion of consumers because of initial interest confusion as to source or affiliation is highly unlikely where the defendants' websites provide people with information about Bernard Haldane rather than diverting them from Bernard Haldane. See *Bihari*, 119 F.Supp.2d at 320. Finally, initial interest confusion is even more unlikely where the defendants' websites are highly critical of Bernard Haldane. Any Internet user who reads the disparaging text of the defendants' websites and sees the domain names of either "ripoffreport.com" or "badbusinessbureau.com" is unlikely to believe that these websites belong to Bernard Haldane or MCW. See *id.*; *Brookfield Communications, Inc. v. West Coast Entertainment Corporation*,174 F.3d 1036, 1062 (9th Cir. 1999) (relying on search engine results and different domain names to show that confusion is less severe when a mark is included in text or as a metatag as compared to a mark's inclusion in a domain name). Therefore, it is highly relevant that no reasonable viewer of the defendants' website would believe that the disparaging comments regarding Bernard Haldane's business are endorsed by Bernard Haldane. Those accessing the defendants' websites would immediately recognize that the web pages do not belong to Bernard Haldane.

This court is mindful that some courts have found trademark infringement where an entity's trademark is used in the metatags of another party's website. See

Niton Corporation v. Radiation Monitoring Devices, Inc., 27 F.Supp.2d 102, 104 (D. Mass. 1998) (finding diversion of a competitor's customers where Radiation Monitoring Devices directly copied Niton's metatags and HTML code); *Playboy Enterprises Inc. v. Asiafocus Int'l, Inc.*, No. Civ. A. 97-734-A, 1998 WL 724000, at *3, *6-*7 (E.D. Va. Apr. 10, 1998) (enjoining the use of Playboy's marks in the domain name and metatags of the defendant's website where searches produced defendant's web pages located at "asian-playmates.com"); *Brookfield Communications*, 174 F.3d at 1061, 1065 (enjoining the defendant, West Coast, a video rental chain with a searchable entertainment database, from using "moviebuff" in its domain name or its metatags because it caused initial interest confusion with Brookfield's "MovieBuff" software, which also provides entertainment-industry information). However, the defendants in each of these cases used the plaintiff's marks to trick Internet users into visiting the defendant's websites. *Bihari*, 119 F.Supp.2d at 321. Specifically, the defendants wanted Internet users to believe that they were either visiting the plaintiff's website or that the defendant's and plaintiff's websites were affiliated. That is not the case here. In the present case, the defendants' alleged use of the Bernard Haldane marks is not a bad faith attempt to trick users into visiting their websites. The defendants use the marks to criticize Bernard Haldane and to catalog the postings in similar categories.

Therefore, just as there is no basis for finding a likelihood of confusion, there is also no basis for finding a likelihood of initial interest confusion. Consequently, MCW's complaint, whether grounded in likelihood of confusion or initial interest confusion, fails to state a claim for common law trademark infringement. The defendants' motion to dismiss MCW's common law trademark infringement claims is granted.

III. CONCLUSION

For the foregoing reasons, the defendants' motion to dismiss for lack of personal jurisdiction is **DENIED**. Additionally, the defendants' motion to dismiss for failure to state a claim is **GRANTED** as to Counts I, II, III, and V. The defendants' motion to dismiss is **DENIED** as to Count IV; however, for the reasons stated above, the court declines to exercise subject matter jurisdiction over this claim, and it is accordingly **DISMISSED** without prejudice to its being refiled in an appropriate state court.

SO ORDERED.

April 19, 2004.

A. JOE FISH
CHIEF JUDGE